

MODIFICATIONS TO LC 0184 AND LC 0185

The Long-Range Building Program (LRBP) funding subcommittee agreed to make modifications on two of the LRBP cash program funding bill drafts after the mail-out of committee information on September 28, 2006. The changes, made to LC 0184 and LC 0185 are in agreement with the proposals as presented to and agreed on by the Legislative Finance Committee at the June 2006 meeting. The changes to the drafts are described below. The changes are highlighted in yellow so that they may be quickly recognized by the committee members.

LC 0184

The bill draft for the rental surcharge proposal, LC 0184, includes language that would implement the rental surcharge in the 2011 biennium. The bill contains an effective date for “budgets adopted after July 1, 2008”. Legislative legal staff recommended a delayed implementation of the rental surcharge proposal because planning a budget for the LRBP in the 2009 biennium based on rental surcharges would not be possible before passage of the bill. The bill will not be passed and approved until the end of the 2009 session, after the budgets are established. LC 0184 establishes the LRBP as an internal state service and creates an internal service fund for operations. LC 0184 also eliminates all the current funding streams flowing into the LRBP.

Modifications to LC 0184:

The modifications to LC 0184 added initial rental surcharge rates to the bill draft. Additionally, the changes tied the rates to the inflation rate as calculated by the RSMeans Construction Cost Index.

The specific elements of LC 0184 are as follows:

- Section 1 establishes the internal service fund
- Section 2 eliminates the LRBP distribution of 12 percent of the coal severance tax
- Section 3 eliminates the LRBP distribution of 2.6 percent of the cigarette tax
- Section 4 eliminates the LRBP account, designates internal service funds for building maintenance, details the method used to charge the rental surcharge, provides the initial square foot rates to be charged to agencies, and requires the rates to be adjusted in the future by the growth of the RSMeans Construction Cost Index.
- Section 5 eliminates the LRBP appropriation of energy cost savings earned through the State Building Energy Conservation Program
- Section 6 removes a reference to the LRBP distribution of the coal severance tax
- Section 7 eliminates an annual general fund distribution of \$665,000 for debt service on LRBP bond issues, established in the 1999 version of HB 14
- Section 8 is a saving clause
- Section 9 provides an applicability date of “budgets adopted after July 1, 2008”

Modifications to LC 0185:

A transfer from the general fund of \$30 million in on-time only funds was added to LC 0185 to establish the trust.

The specific elements of LC 0185 are as follows:

- Section 1 establishes the long-range building deferred maintenance trust, requires that the trust principal may not be expended, details the types of deposits that may be made, and restricts the appropriation of interest and earnings only for the purpose of maintenance of buildings and state-owned property
- Section 2 amends section 17-7-201 to include definitions of “major capital project” and “major maintenance project”
- Section 3 requires an appropriation equal to 1 percent of all major capital projects and major maintenance projects funded with either cash or donations for deposit in the deferred maintenance trust
- Section 4 transfers \$30 million to the deferred maintenance trust
- Section 5 directs the codification
- Section 6 provides an effective date of “on passage and approval”
- Section 7 directs the applicability of the 1 percent appropriation made on major capital projects and major maintenance projects as after July 1, 2007